LOK SABHA

Friday, September 6, 1996/Bhadra 15, 1918 (Saka)

The Lok Sabha met at Three Minutes Past

Eleven of the Clock

[MR. DEPUTY SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

[English]

Industrial Backwardness of Kerala and Orissa

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*481. SHRI P.C. THOMAS:
SHRI BHAKTA CHARAN DAS:

Will the Minister of INDUSTRY be pleased to state:

(a) whether investment in the industrial sector is uneven in several areas of the country;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether Kerala and Orissa are the most backward States from the point of industrial development and investment; and

(d) if so, the steps proposed to promote the industrial development and to increase investment in these States?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) Yes, Sir.

(b) 10 States account for 86% of the investment indicated in Letters of Intent (LOIs) issued and Industrial Entrepreneurial Memoranda (IEMs) filed with Ministry of Industry from August, 1991 to May, 1996. The uneven investment in industrial development, among the States is on account of divergence in availability of natural resources, the level of economic and social infrastructure etc.

(c) No, Sir.

(d) The Union Government supplements the efforts of the States and provides assistance in setting up infrastructure facilities and fiscal concessions besides providing a conducive environment for industrial development.

SHRI P.C. THOMAS: Sir, the answer itself shows that 86 per cent of the investment indicated in the Letters of Intent is consolidated in ten States. It also shows that a majority or many number of States including my State, Kerala—I am sure—do not come under that 86 per cent.

So, within this 14 per cent, such number of States are to be contended. It only points to the seriousness of this aspect that industrial development has to take place in these States where industrial development has not taken place so far, especially with regard to States like Orissa, Kerala and some of the North-Eastern States I am sure, the hon. Speaker is also interested which come under this 14 per cent only.

Sir, I would like to seek your indulgence and appeal to the hon. Minister that immediate steps should be taken to see that rest of the States, including my State, should be brought under the industrial investment sector so that the areas which are not very poor in resources, which are also very rich in some of the natural resources, develop industrially.

Now, I would like to ask the hon. Minister whether he would be pleased to take some immediate steps to see that Infrastructural development and other possible financial help could flow to the States which do not come under this 86 per cent, especially to my State Kerala so that some kind of development could be seen within the next one year.

SHRI MURASOLI MARAN: Sir, I agree with what the hon. Member has said. All along industrial dispersal and removal of regional disparities so as to create balanced regional growth has been the policy of the Government, has been the policy of the Planners and the Administrators right from the year 1947. All Industrial Policy Resolutions declare that it was their policy. But in a country of continental proportions, regional imbalances are likely to occur. But it is the duty of the Government to see that proper conditions are evolved for a balanced regional growth. But it does not mean that Kerala is a backward State. Of course, it is not a rich State like some of our North-Western States. It is, I could say, some kind of a middle income State. For example, going by the proposed investment in the IEMs and LOIs. Kerala ranks 14th and Orissa ranks 12th. Now, the emphasis is not on incentives. As the hon. Member is aware, more than the incentives, the Government believes in creating and putting in place the required infrastructure. So, keeping that objective in view, we have got several programmes. For example, there is the transport subsidy for the hilly areas, probably the State

of Kerala may not come under it; then, there is the Growth Centres Scheme and the Integrated Infrastructural Development Schemes. In all these aspects, the interest of the State of Kerala would be taken care of.

SHRI P.C. THOMAS: Sir, there has been a programme of allotting Growth Centres to many areas. I am sure, some Growth Centres have also been given to the State of Kerala. But I do not think that there has been much growth in these Growth Centres. I would like to suggest that something has to be done immediately to see that proper growth in these Growth Centres takes place so that it could fulfil the necessary objectives with which these were set up. In order to attain these objectives at an early date, something has to be done immediately. A review of the functioning of the Growth Centres is called for.

Sir, I think that the number of Growth Centres granted is very small as compared to the spirit of the answer that has been given by the hon. Minister. In the first part of his answer it was said that we are not rich in industrial development Kerala is not rich in industrial development. Our State is in the southern-most part of the country and thus it is our legal as well as our moral right to claim that more Growth Centres should be given to the State of Kerala. So, I would like to suggest that more Growth Centres may be given to our State. The Government should rather be liberal in giving Growth Centres to the State of Kerala and most liberal while giving Growth Centres to my parliamentary constituency. We have a place called Muvattupuzha where we have a lot of Infrastructural facilities. Labour problems are almost nil, though we have communists there. It is not political.

AN HON. MEMBER: What is wrong with the communists?

SHRI P.C. THOMAS: There is nothing wrong. We have communist rule there and their own regime is responsible for so much of labour unrest, non-development of industrial sector and so on....*(Interruptions)*

MR. SPEAKER: Please sit down. It is enough.

...*(Interruptions)*

MR. SPEAKER: This is only a suggestion. I am sure the Minister has noted it down.

SHRI P.C. THOMAS: Sir, I am not accusing anybody.

MR. SPEAKER: You have given a suggestion. The Minister has noted it down. It is enough.

...*(Interruptions)*

SHRI P.C. THOMAS: Sir, my only question is...

MR. SPEAKER: This is not the way to run Question Hour. You are supposed to ask questions but you are going on giving suggestions.

SHRI P.C. THOMAS: I would like to know whether a growth centre will be opened in my constituency, Muvattupuzha, and more growth centres will be granted to the State of Kerala.

SHRI MURASOLI MARAN: As per the Government plan, 71 growth centres are to be developed under the scheme during the Eighth Five Year Plan. So far, 70 Centres have been selected and announced. Two growth centres have been selected for the State of Kerala, covering five districts. If the hon. Member wishes to have more centres in Kerala, it is for the State Government to recommend. If the Kerala Government recommends it, we will consider it in the next Plan.

SHRI BHAKTA CHARAN DAS: It is very sad to note that the Minister in his reply has stated that investment-wise the States of Orissa and Kerala are not backward States. So far as the industrial investment or the rate of industrial development in Orissa is concerned, it is much below the national average despite the fact that Orissa is immensely rich in natural resources and minerals like coal, iron ore, chromite, bauxite, etc. Due to lack of adequate infrastructure and inadequate Central investment in Railways, National Highways, Ports, etc., Orissa is unable to develop industrially. The Railway route length per thousand square kilometer at all India level is 19.01 Km., in Orissa it is 12.86 Km.

MR. SPEAKER: Please ask the question.

SHRI BHAKTA CHARAN DAS: I have given my question. I am justifying it. Per thousand kilometer surface length-wise, the all India level is 269 Km., and in Orissa it is 122 Km. That is why I would like to know from the Minister the steps being taken by the Government to develop the infrastructural facilities to accelerate the industrial growth in Orissa.

Secondly, so far as investment is concerned, the investment by all India financial institutions is very low. With a population share of 400 per cent. Orissa gets hardly 1.5 per cent of the total investment.

Similarly, the credit deposit ratio of commercial banks is much lower than the national average. Unless the Banks step up lending in Orissa, the industrial backwardness will go up. When a number of industries, like steel, aluminium or power refinery projects are proposed to be set up in the State of Orissa. I would like to know whether the Central Government will help the State Government in quick clearance of FIPB, mining lease, loan applications in financing institutions and grant industrial growth centres, exports etc. I would like to know categorically as to whether the Government will help the State in this regard or not.

SHRI MURASOLI MARAN: Mr. Speaker, Sir, the hon. Member has depicted a very depressive picture of Orissa, but it is not true. You know well that they are sitting on rich deposits of natural resources. ...*(Interruptions)*...

MR. SPEAKER: You are not supposed to respond to him.

SHRI MURASOLI MARAN: The licence raj has gone. We are now in the liberalised industrial atmosphere. What is needed now is an investor friendly Government. I believe, Orissa has an investor friendly Government. In this connection, I would like to quote from what the hon. Chief Minister of Orissa has said recently. It is from *The Indian Express* of 1st September, 1996. In that, Shri Patnaik has said:

> "Ambitious projects are being implemented to accelerate the pace of industrial development in the State with investment commitments of Rs. 95,000 crore."

This is a great achievement for the State, for which I compliment the hon. Chief Minister of Orissa. He has given a list of the projects that had been cleared by the Central Government which includes about Rs. 39,000 crore for steel sector, Rs. 20,000 crore for power sector, Rs. 11,000 crore for aluminium, and Rs. 12,500 crore for three major oil refineries.

We are doing our best through the FIPB. The hon. Member knows that we are clearing projects on a weekly basis. Recently also, we have cleared many projects for Orissa.

PROF. G.G. SWELL: My good friend, Shri Thomas, in the course of his supplementary has been good enough to refer also to the industrial backwardness of the North-East. I readily would accept that you do not have an industry in a place just for the sake of having an industry. That way, the North-East suffers from many disadvantages its isolation, long haulage, distance from the markets etc. So, it is difficult to set up industries there; I readily admit that. But there are certain industries which are so obviously suited to the area like the industry of tourism. What are you doing about it? Are you going to allot special funds for the development of tourism in the North-East for which it is suitable, for which it has resources and attractions that are unique in the whole country?

SHRI MURASOLI MARAN: Sir, even though, the question pertains to Orissa and Kerala...

PROF. G.G. SWELL: I asked this question because a reference has been made to the North-East.

SHRI MURASOLI MARAN: I am willing to respond to the question. The hon. Member referred to the industrial backwardness of the North-East. We had a similar question in the previous Session which we discussed for about half an hour.

As the hon. Member knows, the North-Eastern Development Finance Corporation has become operative now. It is going to be an engine of economic activity and development in that area. Recently I have got a report saying that the Tata Consultancy Services, engaged by IDBI, have made out a business plan. They have identified 62 items as feasible in the seven States of the region. If I am permitted, I will tell the hon. House about them. The projects cover a wide area of industrial activity including textiles, cement, scrap-based steelmaking and re-rolling, glassblowing, tourism, nursing homes, tea, and food processing. All these are based on raw materials, skills and markets available in all the States of the region. It is going to give a very big boost to the North-Eastern region.

With regard to tourism, the North-East is a wonderful area for tourism and, I think, all efforts will be made in that direction through this Corporation.

SHRI G.M. BANATWALLA: Mr. Speaker, Sir, the hon. Minister has made a very welcome statement that it is the duty of the Government to see that there is a balanced regional development. It is also an accepted fact that Kerala is very poor in industrial matters as also it has a very low Central investment. Will the Government actively try to make a survey and identify the industries that can be set up easily in Kerala, try to have the infrastructure for the same, and also try to encourage the industrial investment in those sectors?

SHRI MURASOLI MARAN: To identify the areas of future industrial development is the primary duty of the State Government. I think, the Kerala Government is already at it. Recently the Minister of Industry of Kerala has announced that she would come out with an Industrial Policy Statement. For developing infrastructure, we have got several programmes. I have told you just now that there is an Infrastructure Development Corporation which has been created with a capital of Rs. 5000 crore and which has been announced by the hon. Minister of Finance in his Budget speech. Tax concession and a tax holiday have been given to promote infrastructure, to drive investment towards the destinations required.

Another thing is that recently, in the last week, the hon. Minister of Finance while answering a question has said that backwardness will be considered in terms of taluks instead of regions. That Committee has given a report. I think he has said that the Ministry of Finance is considering. On those lines, we are proceeding. *(Interruptions)*

SHRI SONTOSH MOHAN DEV: I have written on the tax holiday. *(Interruptions)* I have written to the hon. Minister ... *(Interruptions)*